

Modern Strategic Scenario Planning

Organizations have always developed and outlined scenarios to predict and plan for future possibilities. However, most traditional planning processes work through “what if” scenarios that are based on a small deviation (10-20%) from the planned direction (see figure 1).

Traditional planning processes:

- Focus on forecasts and the current market conditions
- Highlight the trends about the future potential outcomes
- Define what the future will look like based on these conditions and develops response based on known facts

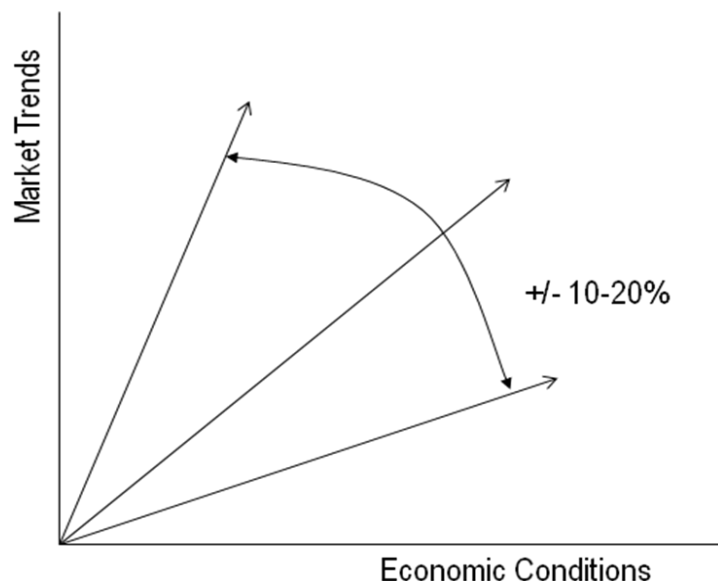


Figure 1 – Traditional Scenario Planning

Modern scenario planning processes break the assumptions and existing paradigms and look at unforeseeable future outcomes and tests the results under conditions not experienced before (see figure 2). Modern Scenario Planning processes:

- Focus on unpredicted future possibilities
- Examine the unknowns and alternate future realities
- Identify what implication and options are available under completely different scenarios

Through this process, managers can be better prepared to react to unpredicted changes quickly and effectively. It is critical that managers take the alternative scenarios seriously and build plans for these events to be best prepared. At times, companies may find leveraging alternative plans even more compelling than their traditional way of thinking.

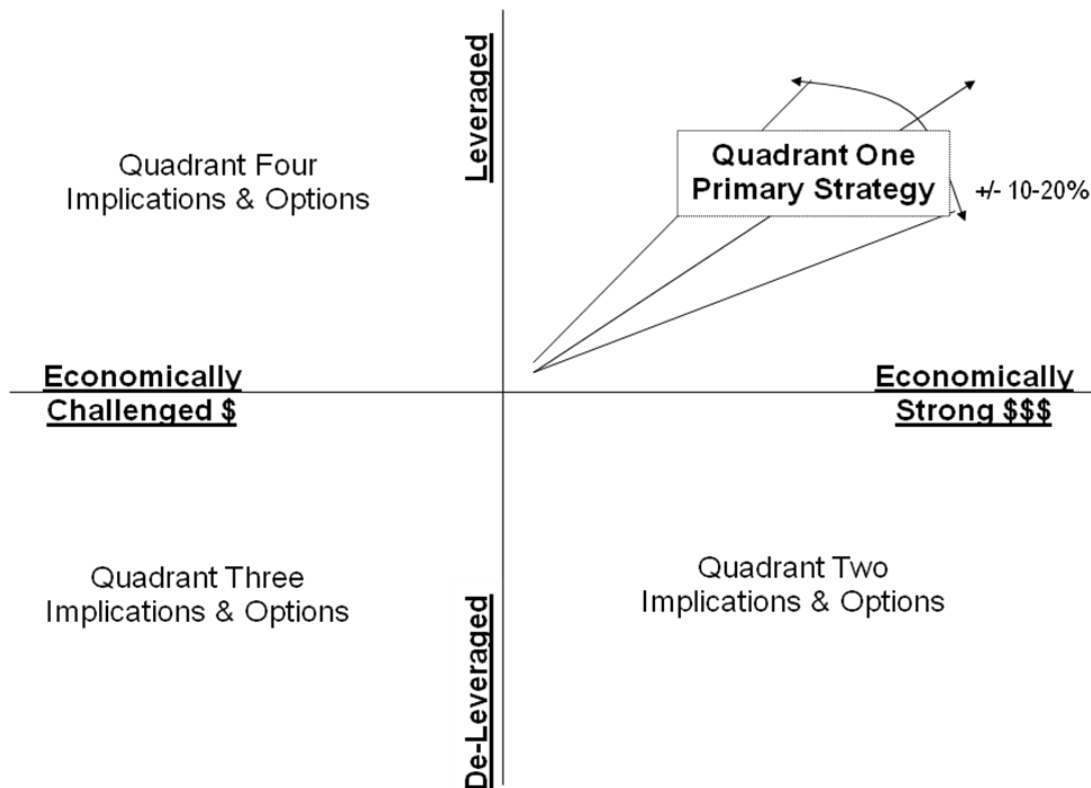


Figure 2 – Modern Scenario Planning

In addition to this process, there are other factors to consider in shaping alternatives for the future. For example, organizations should look at diversity seriously and not just programs that deal with gender and race, rather differences in core culture, values and opinions. In developing your alternative scenarios bring individuals to the scenario planning exercises that are as different as your unpredictable potential futures.

Another best practice in developing alternative scenarios is to assign one or two individuals to own each side of the quadrant and develop plans. Individuals have tendencies to go back to the quadrant they are most comfortable with and we have to pull them away from that to get the intended results.

Finally, monitoring and swift decision making is critical as alternative scenarios may happen faster than anticipated and triggers may not be as visible to the organizations and managers.